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Counsel to the Plan Administrator

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|---------------------------------------|---|--------------------------------|
| -----X | | |
| | : | |
| In re | : | Chapter 11 |
| | : | |
| HOLLANDER SLEEP PRODUCTS, LLC, | : | Case No. 19-11608 (MEW) |
| <i>et al.</i>,¹ | : | |
| | : | (Jointly Administered) |
| Debtors. | : | |
| -----X | | |

MONTHLY OPERATING REPORT COVER SHEET FOR AUGUST 2019

1. On September 5, 2019, the Court entered its *Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 356] (the "Confirmation Order") confirming the *Debtors' Modified First Amended Joint Plan Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 346] (the "Plan").

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Dream II Holdings, LLC (7915); Hollander Home Fashions Holdings, LLC (2063); Hollander Sleep Products, LLC (2143); Pacific Coast Feather, LLC (1445); Hollander Sleep Products Kentucky, LLC (4119); Pacific Coast Feather Cushion, LLC (3119); and Hollander Sleep Products Canada Limited (3477). The location of the Debtors' service address is: 901 Yamato Road, Suite 250, Boca Raton, Florida 33431.

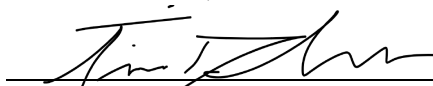
2. On September 13, 2019, the Effective Date of the Plan occurred. *See Notice of (I) Entry Confirmation order, (II) Occurrence of Effective Date, and (III) Related Bar Dates* [Docket No. 371] (the “Effective Date Notice”).

3. Pursuant to the Plan, Drivetrain, LLC (the “Plan Administrator”) was appointed on the Effective Date as the Plan Administrator for Hollander Sleep Products, LLC and its affiliated post-effective date debtors (collectively, the “Post-Effective Date Debtors,” and prior to the Effective Date, the “Debtors”) and “to implement the Plan and to make distributions thereunder and wind down the businesses and affairs of the Debtors and Post-Effective Date Debtors.” *See* Plan at Article IV.D.

4. Attached hereto as **Exhibit A** is the Debtors’ monthly operating report for the month of August 2019 (the “August MOR”). The August MOR was prepared by the Debtors and their professionals (not the Post-Effective Date Debtors’ or Plan Administrator’s professionals) and provided to the Plan Administrator by Carl Marks Advisory Group, LLC (“Carl Marks”). The Plan Administrator has performed no independent analysis of the information contained within the August MOR, and accordingly makes no representations or warranties as to its accuracy. The Plan Administrator has relied on the work performed by Carl Marks in submitting the August MOR.

Dated: October 24, 2019

DRIVETRAIN, LLC



By: Tim Daileader
Authorized Representative

*Solely in its capacity as Plan Administrator for the
Post-Effective Date Debtors and not in any other
capacity*

In re: Hollander Sleep Products, LLC
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)

Reporting Period: 8/01/19 - 08/31/19

MONTHLY OPERATING REPORT

File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief

Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.

| REQUIRED DOCUMENTS | Form No. | Document Attached | Explanation Attached |
|--|----------------|-------------------|----------------------|
| Schedule of Cash Receipts and Disbursements | MOR - 1 | X | |
| Bank Reconciliation (or copies of debtor's bank reconciliations) | MOR - 1 (Cont) | X | |
| Copies of bank statements | | | 1 |
| Cash disbursements journals | | | 1 |
| Statements of Operations | MOR - 2 | X | |
| Balance Sheets | MOR - 3 | X | |
| Status of Post-petition Taxes | MOR - 4 | X | |
| Copies of IRS Form 6123 or payment receipt | | | 1 |
| Copies of tax returns filed during reporting period | | | 1 |
| Summary of Unpaid Post-petition Accounts Payable | MOR - 5 | X | |
| Listing of Aged Accounts Payable | | | 1 |
| Accounts Receivable Reconciliation and Aging | MOR - 5 | X | |
| Payments to Insiders and Professionals | MOR - 6 | X | |
| Post Petition Status of Secured Notes | MOR - 6 | X | |
| Debtor Questionnaire | MOR - 7 | X | |

¹ Due to their voluminous nature, these documents are not attached but are available from the Debtor upon request

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual *

October 24, 2019
Date

Tim Daileader
Printed Name of Authorized Individual

October 24, 2019
Date

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company. See attached Monthly Operating Report Cover Sheet for August 2019, and incorporated herein by reference.

General:

This report includes activity for all Debtors in these jointly administered cases. It does not contain financial data for any of the lead Debtor's related non-Debtor subsidiaries

| <u>Debtor</u> | <u>Case Number</u> |
|---|---------------------------|
| Dream II Holdings, LLC | 19-11607 |
| Hollander Sleep Products, LLC | 19-11608 |
| Hollander Home Fashions Holdings, LLC | 19-11609 |
| Hollander Sleep Products Kentucky, LLC | 19-11610 |
| Pacific Coast Feather, LLC | 19-11611 |
| Pacific Coast Feather Cushion, LLC | 19-11612 |
| Hollander Sleep Products Canada Limited | 19-11613 |

On May 19, 2019 (the "Petition Date"), each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The Debtors' chapter 11 cases are jointly administered for procedural purposes only under Hollander Sleep Products, LLC No. 19-11608 (MEW) (S.D.N.Y.) pursuant to an order entered by the Bankruptcy Court on May 19, 2019 [Docket No. 2]. On May 30, 2019, the United States Trustee for Region 2 (the "U.S. Trustee") appointed an official committee of unsecured creditors pursuant to section 1102(a) of the Bankruptcy Code [Docket No. 61]. The Debtors' are operating their business and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code

This THIRD Monthly Operating Report contains activity related to the period August 1, 2019 through August 31, 2019

Notes to MOR-1, 2 and 3:

The financial information has been derived from the books and records of the Debtors. This information, however, has not been subjected to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes which could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all adjustments that would typically be made for all financial statements prepared in accordance with U.S. GAAP, including but not limited to, accruals, adjustments for income tax provisions and related deferred tax asset and liability accounts and certain other asset and liability accounts. Furthermore, the Monthly Operating Report does not contain all disclosures that would be required for presentation in conformity with US GAAP and there can be no assurance that, from the perspective of any reader, the Monthly Operating Report is complete.

The Debtors reserve all rights to amend or supplement this Monthly Operating Report in all respects, as may be necessary or appropriate. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their chapter 11 cases.

The Debtors are filing their Monthly Operating Report solely for the purposes of complying with the monthly operating reporting requirements applicable in the Debtors' chapter 11 cases. The financial and supplemental information contained herein is presented on a preliminary and unaudited basis, remains subject to future adjustments and may not comply in all material respects with generally accounting principles in the United States of America ("U.S. GAAP"). This Monthly Operating Report should not be relied on by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates.

The Debtors' financial statements presented herein were prepared on a going concern basis, which contemplates the continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. Furthermore, the financial statements contained herein have been prepared following the guidance in Financial Accounting Standards Board Accounting Standards Codification 852 "Reorganizations". Consequently, certain prepetition liabilities have been reclassified as liabilities subject to compromise. Liabilities subject to compromise currently include debt obligations and amounts due to third parties for goods and services received prior to May 19, 2019 (the date of the voluntary bankruptcy petition) and may include known settlement claim amounts. In the future, it may also include estimates for litigation and contingent claims and claims created by the Debtors' rejection of executory contracts and unexpired leases. The Debtors continue to analyze and reconcile these amounts, and, therefore, the amounts reflected herein are current estimates and subject to change as additional analysis and decisions are completed.

The Debtors caution readers not to place undue reliance upon the information contained in this Monthly Operating Report. The results of operations contained herein are not necessarily indicative of results that may be expected for any other period or for the full year and may not necessarily reflect the combined results of operations and financial position of the Debtors in the future.

In re HOLLANDER SLEEP PRODUCTS, LLC , ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 8/01/19 - 08/31/19

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS

| Debtor | Case Number | Filing Date | Cash Receipts | | Disbursements | | US Trustee Fee |
|--|----------------|-------------|---------------|-----------------|---------------|-----------------|----------------|
| | | | Period | Quarter to Date | Period | Quarter to Date | |
| Dream II Holdings, LLC | 19-11607 (MEW) | 5/19/2019 | \$ - | \$ - | \$ - | \$ - | N/A |
| Hollander Sleep Products, LLC | 19-11608 (MEW) | 5/19/2019 | \$ 29,306,152 | \$ 56,405,292 | \$ 41,835,815 | \$ 79,186,298 | N/A |
| Pacific Coast Feather, LLC | 19-11611 (MEW) | 5/19/2019 | \$ 4,772,609 | \$ 10,661,029 | \$ 12,563 | \$ 29,693 | N/A |
| Pacific Coast Feather Cushion, LLC | 19-11612 (MEW) | 5/19/2019 | \$ 2,694,134 | \$ 5,269,352 | \$ 4,009 | \$ 6,112 | N/A |
| Hollander Sleep Products Canada Limited ¹ | 19-11613 (MEW) | 5/19/2019 | \$ 4,155,960 | \$ 9,439,165 | \$ 4,491,821 | \$ 8,468,447 | N/A |
| Hollander Home Fashions Holdings, LLC | 19-11609 (MEW) | 5/19/2019 | \$ - | \$ - | \$ - | \$ - | N/A |
| Hollander Sleep Products Kentucky, LLC | 19-11610 (MEW) | 5/19/2019 | \$ - | \$ - | \$ - | \$ - | N/A |
| | | | | | | | |
| Totals | | | \$ 40,928,855 | \$ 81,774,838 | \$ 46,344,209 | \$ 87,690,549 | \$ - |

¹ Certain disbursements made by this debtor are denominated in Canadian dollars. For purposes of presentation in this monthly operating report, these disbursements have been converted to US dollars at an average exchange rate existing during the period.

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL
Debtor

Case No. 19-11608 (MEW (Jointly Administered))
Reporting Period: 08/01/19 - 08/31/19

BANK RECONCILIATIONS

MOR-1 (Cont)

A bank reconciliation must be included for each bank account. The debtor's bank reconciliation may be substituted for this page.

(Bank account numbers are redacted to last four numbers.)

| G/L Acct.# | Legal Entity | Account Description | Bank Account # | Bank Name | Currency | Bank Balance | G/L Balance | As of Date | Reconciled as of Date |
|------------|---|---------------------|----------------|----------------------|----------|-----------------|-----------------|------------|-----------------------|
| 1006 | Hollander Sleep Products, LLC | Operating | 4226 | Wells Fargo Bank NA | US\$ | 337,186.24 | \$ 60,537.30 | 8/31/2019 | 8/31/2019 |
| 1007/1006 | Hollander Sleep Products, LLC | Deposit | 4234 | Wells Fargo Bank NA | US\$ | 208,799.89 | | 8/31/2019 | 8/31/2019 |
| 1008/1006 | Hollander Sleep Products, LLC | Disbursement | 1471 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1004 | Hollander Sleep Products, LLC | Disbursement | 6169 | Wells Fargo Bank NA | US\$ | \$ 2,178,182.19 | \$ 2,178,068.83 | 8/31/2019 | 8/31/2019 |
| 1006 | Pacific Coast Feather, LLC | Deposit | 2851 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1008/1006 | Pacific Coast Feather, LLC | Disbursement | 0451 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1006 | Pacific Coast Feather, LLC | Deposit | 8066 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1004 | Pacific Coast Feather Cushion, LLC | Disbursement | 2005 | Wells Fargo Bank NA | US\$ | \$ 3,921.85 | \$ 4,530.19 | 8/31/2019 | 8/31/2019 |
| 1006 | Pacific Coast Feather Cushion, LLC | Deposit | 2581 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1006 | Pacific Coast Feather Cushion, LLC | Deposit | 7339 | Wells Fargo Bank NA | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1071 | Hollander Sleep Products Canada Limited | Disbursement | 7425 | Wells Fargo Bank NA | CAD | \$ 134,644.75 | \$ 74,465.90 | 8/31/2019 | 8/31/2019 |
| 1071 | Hollander Sleep Products Canada Limited | Disbursement | 7471 | Royal Bank of Canada | CAD | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1071 | Hollander Sleep Products Canada Limited | Disbursement | 7455 | Royal Bank of Canada | CAD | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1074/1071 | Hollander Sleep Products Canada Limited | Deposit | 7433 | Wells Fargo Bank NA | CAD | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1074/1071 | Hollander Sleep Products Canada Limited | Deposit | 7463 | Royal Bank of Canada | CAD | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1076 | Hollander Sleep Products Canada Limited | Deposit | 8373 | Wells Fargo Bank NA | US\$ | \$ 277,875.93 | \$ 277,841.63 | 8/31/2019 | 8/31/2019 |
| 1072 | Hollander Sleep Products Canada Limited | Operating | 3216 | Royal Bank of Canada | US\$ | \$ 123,238.74 | \$ 2,616.04 | 8/31/2019 | 8/31/2019 |
| 1075/1076 | Hollander Sleep Products Canada Limited | Deposit | 2580 | Royal Bank of Canada | US\$ | \$ - | \$ - | 8/31/2019 | 8/31/2019 |
| 1082 | Hollander Sleep Products Canada Limited | Operating | 7889 | Wells Fargo Bank NA | US\$ | \$ 25,000.00 | \$ 24,996.92 | 8/31/2019 | 8/31/2019 |

¹ Bank account numbers ending in 4226 and 4234 are combined in 1 General Ledger account and reconciled as such

In re HOLLANDER SLEEP PRODUCTS, ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 8/01/19 - 8/31/19

STATEMENTS OF OPERATIONS (Income Statements) Unaudited

These Statements of Operations are prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

| | Dream II Holdings, LLC | Hollander Sleep Products, LLC | Pacific Coast Feather, LLC | Pacific Coast Feather Cushion, LLC | Hollander Sleep Products Canada Limited | Hollander Home Fashions Holdings, LLC | Hollander Sleep Products Kentucky, LLC | Total |
|--|---------------------------|-------------------------------------|----------------------------------|--|---|---|---|----------------|
| Gross Sales | \$ - | \$ 32,998,323 | \$ - | \$ 2,522,823 | \$ 4,332,402 | \$ - | \$ - | \$ 39,853,548 |
| Deductions | - | 4,004,599 | - | 3,694 | 504,823 | - | - | 4,513,116 |
| Net Sales | - | 28,993,724 | - | 2,519,129 | 3,827,579 | - | - | 35,340,432 |
| Cost of Goods Sold | - | 26,239,411 | - | 1,870,814 | 3,400,230 | - | - | 31,510,455 |
| Gross Profit | - | 2,754,313 | - | 648,315 | 427,349 | - | - | 3,829,977 |
| Operating expenses: | | | | | | | | |
| Selling, general and administrative expenses | - | 2,800,577 | - | 214,057 | 67,122 | - | - | 3,081,756 |
| Depreciation and amortization | - | 78,939 | - | - | - | - | - | 78,939 |
| Total operating expenses | - | 2,879,516 | - | 214,057 | 67,122 | - | - | 3,160,695 |
| Operating Income / (Loss) | - | (125,203) | - | 434,258 | 360,227 | - | - | 669,282 |
| Other income (expense): | | | | | | | | |
| Interest expense | - | 2,356,874 | - | - | 21,067 | - | - | 2,377,941 |
| Amortization expense | 1,206,730 | 303,845 | - | - | - | - | - | 1,510,575 |
| Restructuring expense | - | 4,289,649 | - | - | 179,287 | - | - | 4,468,936 |
| Other, net | - | 626,239 | - | - | (67,986) | - | - | 558,253 |
| Total other income (expense) | (1,206,730) | (7,576,607) | - | - | (132,368) | - | - | (8,915,705) |
| Income / (Loss) before Income taxes | (1,206,730) | (7,701,810) | - | 434,258 | 227,859 | - | - | (8,246,423) |
| Provision for income and other taxes | - | 3,429 | - | - | - | - | - | 3,429 |
| Net Income / (Loss) | \$ (1,206,730) | \$ (7,705,239) | \$ - | \$ 434,258 | \$ 227,859 | \$ - | \$ - | \$ (8,249,852) |

The financial statements contained in this exhibit are unaudited. While the Debtors have made every reasonable effort to ensure that these financial statements are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information may result in material changes in the data contained in these financial statements, and inadvertent errors or omissions may exist. To the extent the Debtors discover additional information that may differ materially from the information set forth in the financial statements contained herein, the Debtors reserve all rights to amend, supplement or otherwise modify this Monthly Operating Report as they deem necessary or appropriate.

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL

Debtor

Case No. 19-11608 (MEW) (Jointly Administered)

Reporting Period: 08/01/19 - 08/31/19

BALANCE SHEETS (Unaudited)

These Balance Sheets are to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from post-petition obligations.

| | Dream II Holdings, LLC | Hollander Sleep Products, LLC | Pacific Coast Feather, LLC | Pacific Coast Feather Cushion, LLC | Hollander Sleep Products Canada Limited | Hollander Home Fashions Holdings, LLC | Hollander Sleep Products Kentucky, LLC | Total |
|---|---------------------------|-------------------------------------|-------------------------------|--|--|---|--|------------------|
| Assets | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 2,240,606 | \$ - | \$ 5,956 | \$ 364,904 | \$ - | \$ - | \$ 2,611,466 |
| Accounts Receivable, net of allowance for doubtful accounts and revenue reserves | - | 41,415,816 | - | 3,539,302 | 2,793,821 | - | - | \$ 47,748,939 |
| Inventory, net of reserves | - | 82,488,428 | - | 939,514 | 11,352,838 | - | - | \$ 94,780,780 |
| Prepaid Expenses and Other current assets ¹ | - | 15,713,534 | - | 8,281 | 1,349,282 | - | - | \$ 17,071,097 |
| Total current assets | \$ - | \$ 141,858,384 | \$ - | \$ 4,493,053 | \$ 15,860,845 | \$ - | \$ - | \$ 162,212,282 |
| Property and equipment, net of accumulated depreciation | - | 18,093,241 | - | 50,369 | 1,212,116 | - | - | \$ 19,355,726 |
| Intangible Assets | 62,935,018 | 43,465,739 | - | (15,740,363) | - | - | - | \$ 90,660,394 |
| Intercompany | (164,592,809) | 137,054,942 | - | 20,696,046 | 5,968,688 | - | - | \$ (873,133) |
| Investments in subsidiary | 58,024,312 | 99,512,391 | - | - | - | - | - | \$ 157,536,703 |
| Other assets | - | 2,813,875 | - | 29,499 | 116,979 | - | - | \$ 2,960,353 |
| | \$ (43,633,479) | \$ 442,798,572 | \$ - | \$ 9,528,604 | \$ 23,158,628 | \$ - | \$ - | \$ 431,852,326 |
| Liabilities and shareholders' equity | | | | | | | | |
| Accounts payable | \$ - | \$ 11,799,402 | - | \$ 1,794,635 | \$ 612,215 | \$ - | \$ - | \$ 14,206,252 |
| Accrued expenses | - | 12,489,481 | - | 1,024,354 | 754,029 | - | - | \$ 14,267,864 |
| Borrowings under DIP Credit Facility | - | 78,113,644 | - | - | 2,441,321 | - | - | \$ 80,554,965 |
| Total current liabilities | - | 102,402,527 | - | 2,818,989 | 3,807,565 | - | - | 109,029,081 |
| Liabilities Subject to Compromise | 280,895 | 257,242,226 | - | 1,990,141 | 9,137,760 | - | - | \$ 268,651,022 |
| Partners' capital: | | | | | | | | |
| Members' equity | 80,837,190 | - | - | - | - | - | - | \$ 80,837,190 |
| Distributions | (2,527,988) | - | - | - | - | - | - | \$ (2,527,988) |
| Equity in organizations | - | 147,667,460 | - | (4,346,707) | 14,046,308 | - | - | \$ 157,367,060 |
| OCI | - | - | - | - | (2,685,341) | - | - | \$ (2,685,341) |
| Retained earnings | (122,223,575) | (64,513,641) | - | 9,066,181 | (1,147,664) | - | - | \$ (178,818,699) |
| Totalshareholders' equity | (43,914,374) | 83,153,819 | - | 4,719,474 | 10,213,303 | - | - | 54,172,222 |
| | \$ (43,633,479) | \$ 442,798,572 | \$ - | \$ 9,528,604 | \$ 23,158,628 | \$ - | \$ - | \$ 431,852,326 |

¹ Company has classified payments made in advance to vendors for inventory as prepaid expenses. As inventory is received and processed these amounts will be reclassified to appropriate accounts.

The financial statements contained in this exhibit are unaudited. While the Debtors have made every reasonable effort to ensure that these financial statements are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information may result in material changes in the data contained in these financial statements, and inadvertent errors or omissions may exist. To the extent the Debtors discover additional information that may differ materially from the information set forth in the financial statements contained herein, the Debtors reserve all rights to amend, supplement or otherwise modify this Monthly Operating Report as they deem necessary or appropriate.

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 08/01/19 - 08/31/19

STATUS OF POST-PETITION TAXES

* The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.

0

| STATUS OF POST-PETITION TAXES | | PERIOD: 08/01/19 - 08/31/2019 | | |
|-------------------------------|--------------------------------|--|----------------|----------------------------|
| | BEGINNING TAX LIABILITY* | AMOUNT WITHHELD, ADJUST OR ACCRUED | AMOUNT PAID | ENDING TAX LIABILITY |
| 1. PAYROLL TAXES | \$ - | \$ 596,094 | \$ 596,094 | \$ - |
| 2. SALES TAXES | \$ (103,232) | \$ 32,862 | \$ - | \$ (70,370) |
| 3. GST/HST | \$ 300,835 | \$ 178,774 | \$ 396,293 | \$ 83,316 |
| 4. PST/QST | \$ 87,696 | \$ 2,563 | \$ 120,612 | \$ (30,353) |
| 3. REAL ESTATE | \$ 143,422 | \$ 61,428 | \$ 29,530 | \$ 175,320 |
| 4. INCOME AND OTHER | \$ 15,099 | \$ 654 | \$ - | \$ 15,753 |
| 5. PERSONAL PROPERTY | \$ 40,629 | \$ 21,429 | \$ - | \$ 62,058 |
| 6. TOTAL TAXES | \$ 484,449 | \$ 893,804 | \$ 1,142,529 | \$ 235,724 |

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 08/01/19 - 8/31/19

ACCOUNTS RECEIVABLE ROLLFORWARD AND AGING

| Accounts Receivable Rollforward | Amount |
|---|---------------|
| Total Accounts Receivable, net at the beginning of the reporting period | \$ 51,792,072 |
| + Amounts Billed | 36,403,423 |
| - Amounts Collected | 40,928,855 |
| +/- Change in Bad Debt Reserve | 482,298 |
| Total Accounts Receivable, net at the end of the reporting period | \$ 47,748,938 |

| Accounts Receivable Aging | | MONTH ENDED | MONTH ENDED | MONTH ENDED | MONTH ENDED |
|------------------------------------|--|-----------------|--------------|---------------|-------------|
| | | 6/30/2019 | 7/31/2019 | 8/31/2019 | 9/28/2019 |
| 1. Current | | \$ 48,764,548 | 53,841,814 | 48,681,642.21 | |
| 2. 0-30 Days | | \$ 7,385,177 | 7,941,316 | 8,813,359.83 | |
| 3. 31-60 Days | | \$ 1,517,801 | 977,875 | 782,398.50 | |
| 4. 61-90 Days | | \$ 138,405 | 114,858 | 130,948.80 | |
| 5. 91+ Days | | \$ 1,094,567 | 1,157,715 | 1,099,796.66 | |
| 6. Total Accounts Receivable | | \$ 58,900,497 | 64,033,578 | 59,508,146 | |
| 7. Allowance For Doubtful Accounts | | \$ (11,249,819) | (12,241,506) | (11,759,208) | |
| 8. Accounts Receivable, Net | | \$ 47,650,678 | 51,792,072 | 47,748,938 | |

ACCOUNTS PAYABLE AGING

| Accounts Payable Aging | | MONTH ENDED | MONTH ENDED | MONTH ENDED | MONTH ENDED |
|---------------------------|--|---------------|---------------|---------------|-------------|
| | | 6/30/2019 | 7/31/2019 | 8/31/2019 | 9/28/2019 |
| 1. Current | | \$ 12,328,674 | \$ 15,968,650 | \$ 6,073,559 | |
| 2. 0-30 Days | | \$ 2,440,634 | \$ 5,097,963 | \$ 5,666,670 | |
| 3. 31-60 Days | | \$ 881,740 | \$ 1,049,012 | \$ 2,099,985 | |
| 4. 61-90 Days | | \$ - | \$ 73,436 | \$ 1,130,706 | |
| 5. 91+ Days | | \$ - | \$ - | | |
| 6. Total Accounts Payable | | \$ 15,651,048 | \$ 22,189,062 | \$ 14,970,920 | |

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 08/01/19 - 08/31/19

PAYMENTS TO INSIDERS

| INSIDERS ¹ | | | | |
|-----------------------|--------------------------------|-------------|--------------------|--------------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| Christopher Baker | Weekly payroll | \$ 7,692.32 | \$ 28,672.12 | \$ 1,153.85 |
| Matthew Kahn | Board fees & Expense reimburse | \$ 8,333.33 | \$ 33,395.04 | \$ - |

¹ The Debtors define "insiders" to include directors and officers of the Debtor entities. The Debtors do not take any position with respect to: (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including the federal securities laws, or with respect to any theories of liability or for any other purpose.

PAYMENTS TO PROFESSIONALS

| PROFESSIONALS | | | | | |
|---------------------------------|---|-----------------|-----------------|--------------------|--------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID* |
| Kirkand & Ellis | 7/3/2019 | \$ 729,517.73 | \$ 729,517.73 | \$ 1,297,442.35 | \$ 2,355,950.68 |
| Carl Marks Advisory Group LLC | 7/3/2019 | \$ 598,218.24 | \$ 598,218.24 | \$ 1,768,198.80 | \$ - |
| Houlihan Lokey | 7/10/2019 | \$ 111,422.28 | \$ 111,422.28 | \$ 111,422.28 | \$ 415,286.83 |
| Omni Management Group | 7/2/2019 | \$ 124,597.28 | \$ 124,597.28 | \$ 124,597.28 | \$ 112,535.70 |
| Proskauer Rose | 7/2/2019 | \$ 295,100.51 | \$ 295,100.51 | \$ 295,100.51 | \$ 81,385.30 |
| Pachulski Stang Ziehl & Jones | 7/11/2019 | \$ 557,086.12 | \$ 557,086.12 | \$ 557,086.12 | \$ 419,936.82 |
| Alvarez & Marsal | 7/11/2019 | \$ 340,042.32 | \$ 340,042.32 | \$ 340,042.32 | \$ 650,996.39 |
| UCC Members | | \$ 1,053.75 | \$ 1,053.75 | \$ 1,053.75 | \$ - |
| TOTAL PAYMENTS TO PROFESSIONALS | | \$ 2,757,038.23 | \$ 2,757,038.23 | \$ 4,494,943.41 | \$ 4,036,091.72 |

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

* PAYMENTS TO CANADIAN COUNSEL, ADVISORS AND ORDINARY COURSE PROFESSIONALS ARE NOT INCLUDED

DIP FINANCING (ABL AND TERM LOAN) - Period to Date

| NAME | BEGINNING BALANCE | DRAWS | REPAYMENTS | ENDING BALANCE |
|-------------------------|-------------------|------------------|------------------|------------------|
| DIP ABL Financing | \$ 55,647,106.00 | \$ 41,287,235.80 | \$ 40,879,376.80 | \$ 56,054,965.00 |
| DIP Term Loan Financing | \$ 22,000,000.00 | \$ 2,500,000.00 | \$ - | \$ 24,500,000.00 |

In re HOLLANDER SLEEP PRODUCTS, LLC, ET AL
Debtor

Case No. 19-11608 (MEW) (Jointly Administered)
Reporting Period: 08/01/19 - 08/31/19

DEBTOR QUESTIONNAIRE

| | Yes | No |
|--|----------------|----|
| Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary. | | |
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X |
| 3 Are any Debtors delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies? | | X |
| 5 Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on pre-petition liabilities this reporting period? | X ¹ | |
| 7 Are any post petition receivables (accounts, notes or loans) due from related parties | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any post petition State or Federal income taxes past due? | | X |
| 10 Are any post petition real estate taxes past due? | | X |
| 11 Are any other post petition taxes past due? | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | | X |
| 13 Are any amounts owed to post petition creditors delinquent? | | X |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | X | |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

Notes:

¹ Pursuant to the relief requested under "First Day Motions" and their respective interim and final orders, certain payments have been made on prepetition obligations (e.g. employee related obligations, customer programs, sales & use taxes, lien claimant, import claimants, foreign vendors and critical vendors). Certain payments for prepetition services have been made in the post-petition period to Canadian counsel for services provided in connection with the related CCAA filing.